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## Canada

### Agricultural Situation

#### This Week in Canadian Agriculture, Issue 4 2009

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**Report Highlights:**

Agriculture and Forestry Included in Canada's Economic Stimulus Package Proposed in the Federal Budget \* Low Pathogenic H5 Avian Influenza Virus Detected in British Columbia

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Includes PSD Changes: No  
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

*Disclaimer:* Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

### **AGRICULTURE AND FORESTRY INCLUDED IN CANADA'S ECONOMIC STIMULUS PACKAGE PROPOSED IN THE FEDERAL BUDGET:**

On January 27<sup>th</sup>, Canada's minority Conservative government presented to Parliament its 2009 federal budget which includes a C\$40 billion Economic Action Plan in response to the global recession that, although later than all G7 countries, has pushed Canada into recession. The budget is expected to pass in a vote as early as February 3. The focus of the fiscal stimulus is toward injecting money to build infrastructure and stimulate housing, providing tax cuts to stimulate consumer spending, and implementing measures to ensure the stability of Canada's financial system. The Agriculture and Forestry industries will receive relatively modest additional funding. Specific details on the new spending for agriculture were not spelled out in the budget. The known information is summarized below.

#### **Agriculture in the 2009 Budget Proposal**

The 2009 budget proposed C\$550 million in agricultural program spending; C\$500 million to support a new, five-year agricultural flexibility program and C\$50 million to strengthen slaughter capacity and slaughter plant efficiencies where federal funding will match private sector investment. Of the C\$500 million for the new agricultural flexibility program, dubbed "AgriFlex" by industry, only C\$190 million (over two years) is new money with the balance funded from existing unallocated Agriculture and Agri-Food Canada resources. Specific details are not yet known, but the "AgriFlex" program is expected to essentially provide the provinces with federal funding for programs designed in partnership to meet regional industry needs. In addition, the government said that it will also work with interested provinces toward devolution of delivery of the existing AgriStability program to support improved client service through wider integration and alignment with other business risk-management programs already delivered provincially. Budget 2009 also announces proposed amendments to the Farm Improvement and Marketing Cooperatives Loans Act to help make credit available to new farmers, support inter-generational farm transfers, and modify eligibility criteria for agricultural cooperatives.

#### **First Reactions of Farm Groups:**

Farm groups such as the Canadian Federation of Agriculture (CFA) had called for a federal funded flexibility plan that would allow provinces and territories the flexibility to distribute money according to their requirements. CFA vice-president Ron Bonnet told the media that early reaction to the budget was mixed. "We're not really clear that the flexibility program is what we had been calling for," Bonnet said. "There might be restrictions on what the money can be used for." He also lamented that the funding appeared to be stretched over a long period of time. Stewart Wells, president of the National Farmers Union, was sharply critical of the budget's treatment of agriculture, saying that the line items were "a veritable drop in the bucket compared to the magnitude of the farm income shortfall."

#### **Forestry in the 2009 Budget Proposal**

The federal budget claimed Canada's forestry sector is facing significant challenges from declining demand in the residential construction markets in the United States and increasing competition from companies in emerging economies. Budget 2009 allocates C\$170 million over two years for measures that will attempt to secure a more sustainable industry by helping companies develop new products and processes, and take action on new opportunities in the international market place. Budget 2009 provides C\$80 million over two years to Natural Resources Canada (NRC) for the Transformative Technologies program administered by FPIInnovations. FPIInnovations is a not-for-profit forest research

institute that focuses on the development of emerging and breakthrough technologies related to forest biomass utilization, nanotechnology and next generation forest products. An additional C\$40 million will be provided to NRC in 2010–11 to develop pilot-scale demonstration projects of new products that can be used in commercial applications. The budget also provides NRC with C\$40 million over two years for Canada Wood, Value to Wood, and North America Wood First, the existing domestic and international marketing programs designed to help forestry companies boost the use of wood in North America and to promote innovative wood products internationally. An additional C\$10 million will be provided to NRC in 2009–10 to support large-scale demonstrations of Canadian-style use of wood for construction in targeted off-shore markets, and non-traditional uses of wood in domestic markets.

**LOW PATHOGENIC H5 AVIAN INFLUENZA VIRUS DETECTED IN BRITISH COLUMBIA:** The Canadian Food Inspection Agency (CFIA) notified the World Organization for Animal Health (OIE) this week that it has confirmed the presence of H5 avian influenza (AI) virus in a commercial turkey operation in southern British Columbia. Tests indicate that the strain of AI in this case is low pathogenic. Further testing is underway to determine the precise subtype and strain of the virus. The CFIA has completed the humane euthanization of approximately 60,000 birds on the infected premises. Twenty-two other poultry operations within the three-kilometer radius around the infected farm remain under quarantine and are being closely monitored for signs of illness. Another farm outside the three-kilometer radius which is linked to the index premises through previous equipment movement remains under quarantine. To date, all other commercial flocks tested within the three-kilometer surveillance zone, for both marketing and surveillance purposes, have been negative for avian influenza. According to the CFIA, surveillance testing will continue weekly for a twenty-one day period. *Comment: Almost five years ago, in early 2004, an outbreak of high pathogenic AI occurred in British Columbia. The depopulation program associated with that outbreak destroyed approximately 18-19 million birds and had an economic impact upwards of C\$70 million.*

**Exchange Rate:** Noon rate, January 30, 2009 (Bank of Canada): U.S. Dollar = C\$1.2364

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